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SENATE BILL 373

**46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004**

INTRODUCED BY

Richard M. Romero

AN ACT

RELATING TO STATE EMPLOYEES; REVISING THE GROUP INSURANCE CONTRIBUTIONS OF THE STATE; AMENDING SECTION 10-7-4 NMSA 1978 (BEING LAWS 1941, CHAPTER 188, SECTION 1 AS AMENDED).

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-7-4 NMSA 1978 (being Laws 1941, Chapter 188, Section 1, as amended) is amended to read:

"10-7-4. GROUP INSURANCE--CAFETERIA PLAN--CONTRIBUTIONS FROM PUBLIC FUNDS.--

A. All state departments and institutions and all political subdivisions of the state, excluding municipalities, counties and political subdivisions of the state with twenty-five employees or fewer, shall cooperate in providing group term life, medical or disability income insurance for the benefit of eligible employees or salaried officers of the

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1        respective departments, institutions and subdivisions.

2                    B. The group insurance contributions of [~~the state~~  
3 ~~or any of its departments or institutions, including~~]  
4 institutions of higher education and the public schools shall  
5 be made as follows:

6                    (1) seventy-five percent of the cost of the  
7 insurance of an employee whose annual salary is less than  
8 fifteen thousand dollars (\$15,000);

9                    (2) seventy percent of the cost of the  
10 insurance of an employee whose annual salary is fifteen  
11 thousand dollars (\$15,000) or more but less than twenty  
12 thousand dollars (\$20,000);

13                    (3) sixty-five percent of the cost of the  
14 insurance of an employee whose annual salary is twenty thousand  
15 dollars (\$20,000) or more but less than twenty-five thousand  
16 dollars (\$25,000); or

17                    (4) sixty percent of the cost of the insurance  
18 of an employee whose annual salary is twenty-five thousand  
19 dollars (\$25,000) or more [~~and~~].

20                    C. Effective July 1, 2004, the group insurance  
21 contributions of the state or any of its executive, judicial or  
22 legislative departments, including agencies, boards or  
23 commissions, shall be made as follows:

24                    (1) eighty percent of the cost of the  
25 insurance of an employee whose annual salary is less than

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1 thirty thousand dollars (\$30,000);

2 (2) seventy percent of the cost of the  
3 insurance of an employee whose annual salary is thirty thousand  
4 dollars (\$30,000) or more but less than forty thousand dollars  
5 (\$40,000); and

6 (3) sixty percent of the cost of the insurance  
7 of an employee whose annual salary is forty thousand dollars  
8 (\$40,000) or more.

9 D. Effective July 1, 2005, the group insurance  
10 contributions of the state or any of its executive, judicial or  
11 legislative departments, including agencies, boards or  
12 commissions, shall be made as follows:

13 (1) eighty percent of the cost of the  
14 insurance of an employee whose annual salary is less than fifty  
15 thousand dollars (\$50,000);

16 (2) seventy percent of the cost of the  
17 insurance of an employee whose annual salary is fifty thousand  
18 dollars (\$50,000) or more but less than sixty thousand dollars  
19 (\$60,000); and

20 (3) sixty percent of the cost of the insurance  
21 of an employee whose annual salary is sixty thousand dollars  
22 (\$60,000) or more.

23 [~~5~~] E. The state shall not make any group  
24 insurance contributions for legislators. A legislator shall be  
25 eligible for group benefits only if the legislator contributes

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1 one hundred percent of the cost of the insurance.

2 F. As used in this [~~subsection~~] section, "cost of  
3 the insurance" means the premium required to be paid to provide  
4 coverages. Any contributions of the political subdivisions of  
5 the state, except the public schools and political subdivisions  
6 of the state with twenty-five employees or fewer, shall not  
7 exceed sixty percent of the cost of the insurance.

8 [~~G.~~] G. When a public employee elects to  
9 participate in a cafeteria plan as authorized by the Cafeteria  
10 Plan Act and enters into a salary reduction agreement with the  
11 governmental employer, the [~~provision~~] provisions of  
12 [~~Subsection~~] Subsections B through D of this section with  
13 respect to the maximum contributions that can be made by the  
14 employer are not violated and will still apply. The employer  
15 percentage or dollar contributions as provided in [~~Subsection~~]  
16 Subsections B through D of this section shall be determined by  
17 the employee's gross salary prior to any salary reduction  
18 agreement.

19 [~~D.~~] H. Any group medical insurance plan offered  
20 pursuant to this section shall include effective cost-  
21 containment measures to control the growth of health care  
22 costs. The responsible public body that administers a plan  
23 offered pursuant to this section shall report annually by  
24 September 1 to appropriate interim legislative committees on  
25 the effectiveness of the cost-containment measures required by

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1 this subsection."

2 Section 2. TEMPORARY PROVISION--SALARY ADJUSTMENT.--A  
3 salary adjustment in January 2005 shall not reduce the state  
4 contributions pursuant to Subsection C of Section 10-7-4 NMSA  
5 1978 even if the salary adjustment of an employee places the  
6 employee in a higher salary bracket; provided that the state  
7 contribution may be lowered for salary adjustments on or after  
8 January 2006.

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